

The NTA 2nd Training Workshop

Country Report: Thailand

By

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Topics to be discussed

- A very brief introduction to the socio-economic and demographic background of Thailand
- It's social security system
- Problems about how to treat social security in the NTA
- Work accomplished to date
- Future plan
- Issues of interest in the case of Thailand

Demographic Situation

Table 1 Population by broad Age Group ^{1/}

	1990	2000	2010 ^{2/}	2020 ^{2/}
Population (in thousand)	55,532	62,408	67,234	70,505
Population aged under 15 years old (in thousand)	15,710	15,960	14,915	13,884
Population aged 15-59 years old (in thousand)	35,847	40,715	44,680	45,845
Population aged 60 and above (in thousand)	3,975	5,733	7,639	10,776
Proportion of Population aged under 15 (in percentage)	28.29	25.57	22.18	19.69
Proportion of Population aged 15-59 (percentage)	64.55	65.24	66.45	65.02
Proportion of Population aged 60 and above (in percentage)	7.16	9.19	11.36	15.28

Data Sources: ^{1/} Population Census by National Statistical Office

^{2/} Population Projection by Human Planning Division, National Economic and Social Development Board 1995

Demographic Situation

Table 2 Birth and Death Statistics

Year	CBR	CDR	TFR	Eo	
				Male	Female
1964-1965	41.8	10.9	6.3	55.2	61.8
1974-1975	35.6	8.6	4.9	58.0	63.8
1984-1985	23.9	6.4	2.7	63.8	68.9
1989	20.4	6.0	2.4	65.6	70.9
1991	20.2	5.9	2.2	67.7	72.5
1995-1996	17.9	6.0	2.0	69.9	74.9
2004*	16	7	1.9	70	

Source: Nappaporn Chayovan 2001

* UN, World Population 2004

Working Status

Table 3 Population by Work Status

(In million)

	2001	2002	2003	2004	2005
Total Population	62.94	63.46	64.01	65.08	65.11
1. Population aged 15 and above	47.06	47.68	48.31	49.33	49.82
1.1 Economically active	33.81	34.26	34.90	35.72	36.82
Employed	32.10	33.06	33.84	34.73	35.26
Unemployed	1.12	0.82	0.75	0.74	0.66
Waiting for farm season	0.59	0.38	0.31	0.25	0.21
1.2 Economically inactive	13.24	13.41	13.41	13.61	13.68
2. Population aged under 15	15.88	15.78	15.69	15.75	15.29
Unemployment rate	3.3	2.4	2.2	2.1	1.8

Source: Labor Force Survey

The unemployed exclude those waiting for farm season, when included, unemployment rate was around 2.3%

Working Status

Table 4 The Proportion of Employment Classified by Formal and Informal Sector and Education

Education	Total Employment	Employment in		Proportion of Formal Employment
		Formal Sector	Informal Sector	
Primary and lower	22,166.3	5,365.6	16,800.7	24.21
Lower secondary	4,989.6	2,274.7	2,714.9	45.59
Upper secondary	4,129.8	2,263.9	1,865.9	54.82
Tertiary	4,832.2	3,733.6	1,098.6	77.27
Unknown	184.6	128.2	56.4	69.45
Total	36,302.5	13,766.0	22,536.5	37.92

Source: Labor Force Survey

Note: These are year 2005 figures

Education: Policy

Presently, compulsory education is up to lower secondary level (9 years), it is required by the constitution to extend the compulsory up to 12 years as soon as budget permit

Who are the main providers of education?

Table 5 Enrollment Classified by Private and Public and Level of Education in 2005

Level of Education	Alls Type of School	Type of School		Percentage of Public
		Public	Private	
Pre-primary	2,161.3	1,636.9	524.4	75.7
Primary	6,012.0	5,204.0	808.0	86.6
Lower secondary	2,329.6	2,190.2	139.4	94.0
Upper secondary	1,098.6	1,052.1	46.5	95.8
All Level	11,601.5	10,083.2	1,518.3	86.9

Source: NSO website

Education: financing

- Expectation from the general public is compulsory education should be provided free, but in reality, parents pay tuition at highly subsidized rate as well as other subsidies
- Private schools received a small lump sum subsidies from the government and tuition is capped
- For all levels of education, educational revolving fund is available for borrowing, and they start paying back after graduation and working

Social Security and Assistance in Thailand

Social Security System and Social Assistance in Thailand

- Programs that are mandated
 - Program for the civil servants
 - Program for private employee in formal employment
- Other health care programs
 - The 30-Baht health program
 - Private insurance
 - Health care for the elderly
- Other programs for the elderly
 - Provident fund
 - Living allowance for elderly poor
 - Mutual fund with tax benefit

Programs for civil servants

- Health care security
- Old age security

Programs for civil servants

- Health care security
 - Before the economic crisis in 1997:
 - No co-payment for inpatient services, hospitals reimburse directly from the Central Comptroller Office
 - For outpatient services
 - Public providers: pay first and fully reimburse later
 - Private provides: pay first and partially reimburse later
 - After the crisis:
 - Some co-payment for in-patient and out-patient services in public hospitals
 - Fully pay out-of-pocket if they go to private hospitals

Programs for civil servants

Old Age Security

- Before 1996: A defined benefit scheme with no contribution from the civil servants, it is financed entirely from general tax revenue
- The reform in 1996:
 - Reduced the benefits of the existing PAYG scheme and
 - Add another fully funded and defined contribution scheme

Programs for private employee in the formal sector

- Workmen's Compensation Fund for health care related to work injury
- Social Security Fund for
 - Four types of benefits: cover health care for sickness unrelated to work, maternity, disability and death
 - Old age security and child allowance
 - Unemployment insurance
- Fully funded and defined contribution scheme (voluntary)

Programs for private employee in formal sector

Workmen's Compensation Fund

- Financed entirely by employer, the rate depends on the type of industry and adjusted for firm's past experience, government subsidized administrative cost.
- Benefits:
 - compensation for loss of income, health care and rehabilitation cost, health care providers reimburse directly from the Social Security Office based on fee-for service

Programs for private employee in formal sector

Social Security Fund for four types of benefits (started in 1990)

- Financed by the government, employer and employee, each party pays 1.5% of wage/salary
- Benefits:
 - free health care in contracted providers which can be either public or private, unless in case of emergency
 - Compensation in other cases
- SSF pays providers on capitation basis

Programs for private employee in formal sector

Social Security Fund for old age security and child allowance (since 1999)

- Define benefits and partially funded (contributions from tripartite, employer and employee each pay 3% of monthly wage/salary, government pays 1% for child allowance)
- Benefits:
 - Pension after working for at least 15 years and the rate is based on recent salary and the number of years being insured members
 - Monthly child allowance of up to 2 children

Programs for private employee in formal sector

Social Security Fund for unemployment (since 2003)

- Contribution:- G, employer and employee pay 0.25, 0.5 and 0.5% of wage/salary respectively
- Eligible condition:- have been working for at least 6 months during the last 15 months
- Benefits:-
 - For un-voluntarily unemployed: 50% of the last salary up to a maximum of 180 days
 - For voluntarily unemployed: 30% of the last salary up to a maximum of 90 days

Other health programs

Before the 30 Baht scheme launched in 2001

- Health Card: households purchase the card at 500 baht each and all members in the family received free treatment for one year from assigned health center for primary care or being referred to public secondary and tertiary care as seemed necessary
- Poor card for poor families based on means tested and received similar benefits as health card holders
- Elderly received free treatment from public providers upon prove of age

Other health programs

The 30 baht scheme

- All programs mentioned above are terminated and is replaced by the 30 baht scheme
- Two types of card are issued: ordinary and golden cards, the ordinary card holders co-pay 30 baht per visit in contracted hospitals, golden card are issued to the poor and card holders receive similar health care with no co-payment
- Coverage: all Thai citizen uncovered by the civil servants program or the programs for private employee in the formal sector

Other programs for the elderly

Second tier of old age security for private employee in the formal sector

- Provident Fund:-
 - Defined contribution and fully funded (voluntarily agreement between employer and employee)
 - Condition upon establishment of the fund: Employer must at least match the contribution of the employee
 - A defined contribution scheme and is privately managed

Other programs for the elderly

Social Welfare for the elderly poor and being abandoned

- Provision of institution care
- Monthly cash benefit of 500 Baht, the number of recipients is limited 400,000 persons
- Various ad-hoc assistance programs

Coverage of health care insurance

Table 4 The Coverage of Health Care Insurance in 2005

Type of Security	Whole Kingdom	Municipal areas	Non-municipal areas
Health Card	76.4	58.6	84.7
Without co-payment	29.6	17.0	35.4
With co-payment (30 Baht)	46.8	41.6	49.3
Social Security Fund	11.9	20.6	7.9
Welfare for Government Employee	10.6	18.4	7.0
Private health insurance	2.8	5.4	1.6
Welfare provided by employee	0.5	1.0	0.2
Others	0.9	0.6	1.0

Source: www.nso.go.th

Note: The sum of the figures may exceed 100% because one person may be covered by more than one scheme

The coverage of old age security

Total work force		35.7 million
Civil servants		
Beneficiary	0.8	
Present G personnel	1.5	
Insured persons in SSF		
Compulsory	7.8	
Voluntary	0.2	
Coverage:	≈ 26.8% of work force	

How to treat these programs in NTA?

Programs for civil servants

- Budget for health care is treated as government health expenditure
- Budget for pension, how should it be treated? Is it transfer?

How to treat these programs in NTA?

Central Provident Fund

- Central Provident Fund is managed as private provident funds and government's contribution is part of civil servants' salary, so it is labor income, and appear in NI as other government consumption.

Should I add this contribution into labor income?

How to treat these programs in NTA?

Programs for private employee in formal sector

- Net contributions of G for 4 types, child allowance and unemployment insurance are transfers from G to private employee

How to treat these programs in NTA?

Other health programs

- They appear in the budget of MOP and other related ministries, hence they are already included in G health consumption

How to treat these programs in NTA?

Private provident fund

- Is this asset re-allocation in the private sector?

Should the contribution by employer be added into labor income?

How to treat these programs in NTA?

Social Welfare for the elderly poor and being abandoned

- Provision of institution care (included in G consumption, but no way to single it out from NI)
- Monthly cash benefit of 500 Baht as living allowance, the number of recipients is limited 400,000 persons, so 2,400 millions baht is subtracted from current transfers to households in NI and is distributed according to the age profile reported in SES
- Various ad-hoc assistance programs is treated as the residual of current transfers to households after welfare for civil servant and living allowance for the elderly are subtracted and this residual is allocated equally per person

Government Expenditure on Social Welfare FY 2004

Types of program	In million baht
Civil servant's Pension (or welfare?)	51,837.4
Central Provident Fund	8,292.5
Workmen's Compensation	3.1
Social Security	4,934.7
Social Welfare	1,357.4
Other social welfare	14,055.1

Source: NESDB, Community and Income Distribution Office

Work accomplished to date

Preliminary estimates of

- Labor income
- Consumption
 - Private
 - Public
- Transfers
 - Inter-household transfers
 - Public transfers

Labor Income

Inclusion:

- Wage and salary
- Two-third of entrepreneurial income
- Commissions
- Income in-kind
 - Home produced food and goods
 - Food, rent and other goods received as part of wages and salary

Labor Income

Allocation rules

- Wage/salary and entrepreneurial income are individually reported in SES
- Commission to household head
- Home produced food and goods are equally allocated among household members aged above 15 years old
- Those received as part of wage/salary are allocated equally among wage/salary earners

Aggregated Labor Income

Aggregated labor income = Compensation of employees + $\frac{2}{3}$ of income from unincorporated enterprises

Question:

Should we add employers' contributions to social insurance as part of private employee's labor income? And G's contributions to the CPF as civil servants labor income?

Private consumption

Education: educational expenditure, student' lunch and school bus fare etc.

Health: expenses on medical supplies, in-patient and out-patient services

Adult consumption: Include expenses on tobacco and alcoholic beverage, and 12% of expenses on lottery and gambling [\[1\]](#)

[\[1\]](#) According to Lottery Bureau's estimation, 60% of the price of a lottery is used as prize to winners, 28% are taxed and 12% are administrative cost.

Private consumption

Other consumption:

Exclusion:- Tax, religious contribution, gift and other contributions, expenses on interest payment.

Inclusion:- Rental value of owner's occupied home, non-saving insurance premiums, purchase of durable goods, either minor such as stove, glassware and pottery ware etc. or major equipment such as beds, microwave ovens, refrigerators and lawn mower etc

Private consumption

Allocation rules

- Education and adult consumption by regression coefficients
- Health by adjusted regression coefficients, need improvement later!
- Other consumption by equivalent scale

Aggregated private consumption

From Table 6 of consumption expenditure

Aggregated educational C = 38,528 ml.

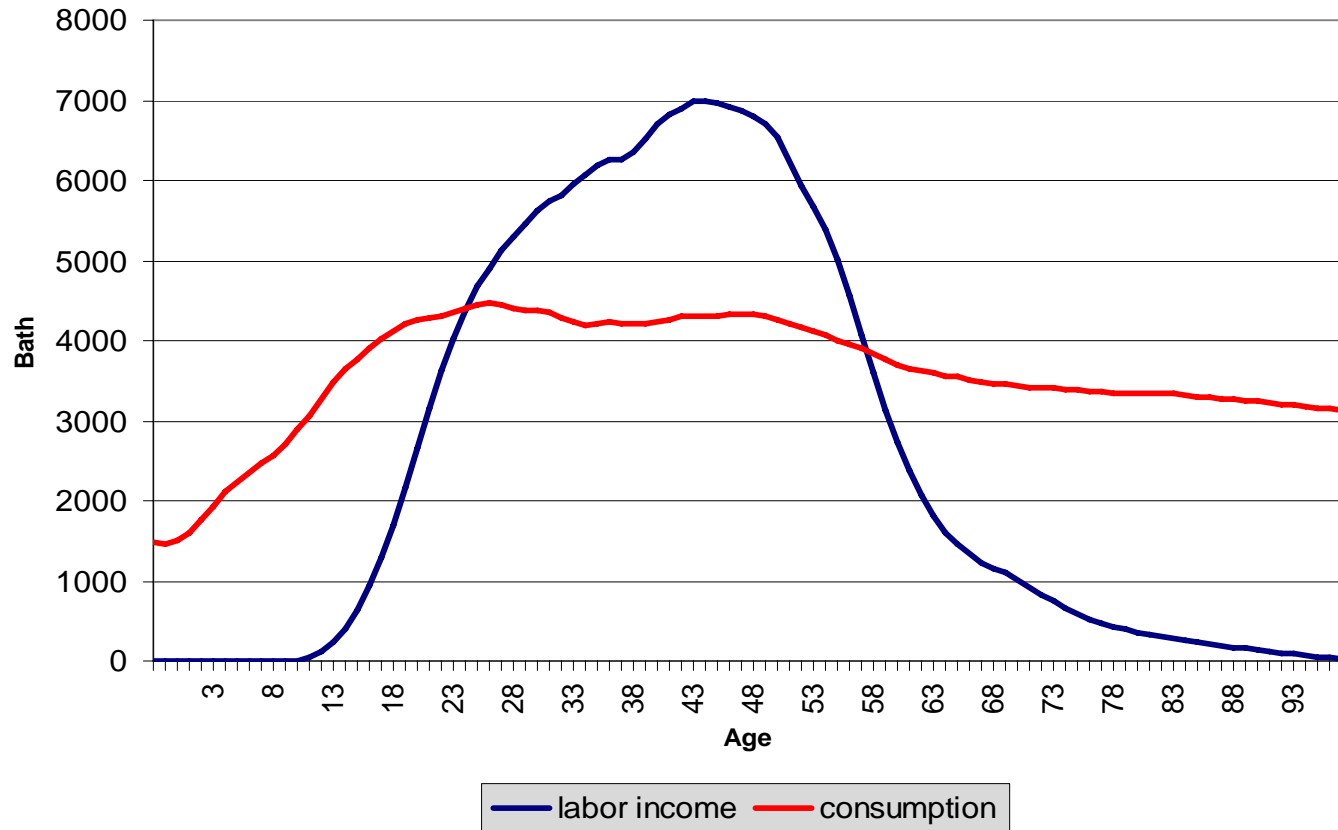
Aggregated health C = 252,007

Aggregated others = 3,397,016

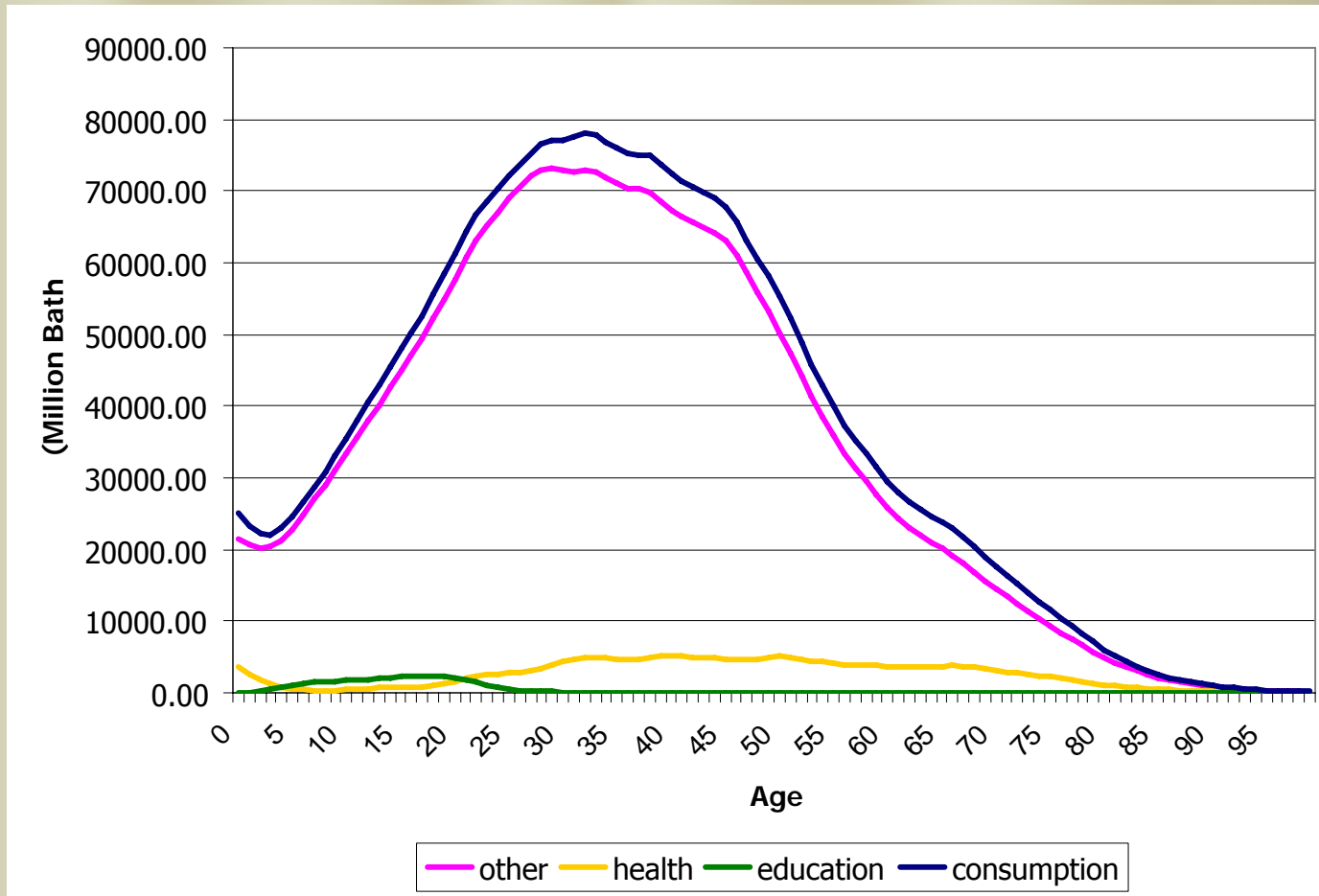
Private consumption expenditure = 3,687,551

Per capita labor income and consumption

Figure 1 - Labor Income and Consumption Age Profiles, Thailand, 2004
(lowess = 0.1)



Aggregate private consumption, 2004



Public consumption

Total amount of government consumption is taken from Table 6 of National Income Account and is classified into 3 categories:

- Educational
- Health and
- Other government expenditure

Public consumption

Allocation Rules: Education

- NI gives combined expenditure on education and research (249,013, Table 6, NI) it is first split into expenditure purely for education and others, using the proportion given by the Community and Income Distribution Office, NESDB (70:30)
- Pure education expenditure is used to calculate per student by level, multiplied by enrolment to obtain expenditure per capita
- Other educational expenditure (249,013-174,556 =74,457) is allocated equally per person

Public consumption

Allocation rules: Health

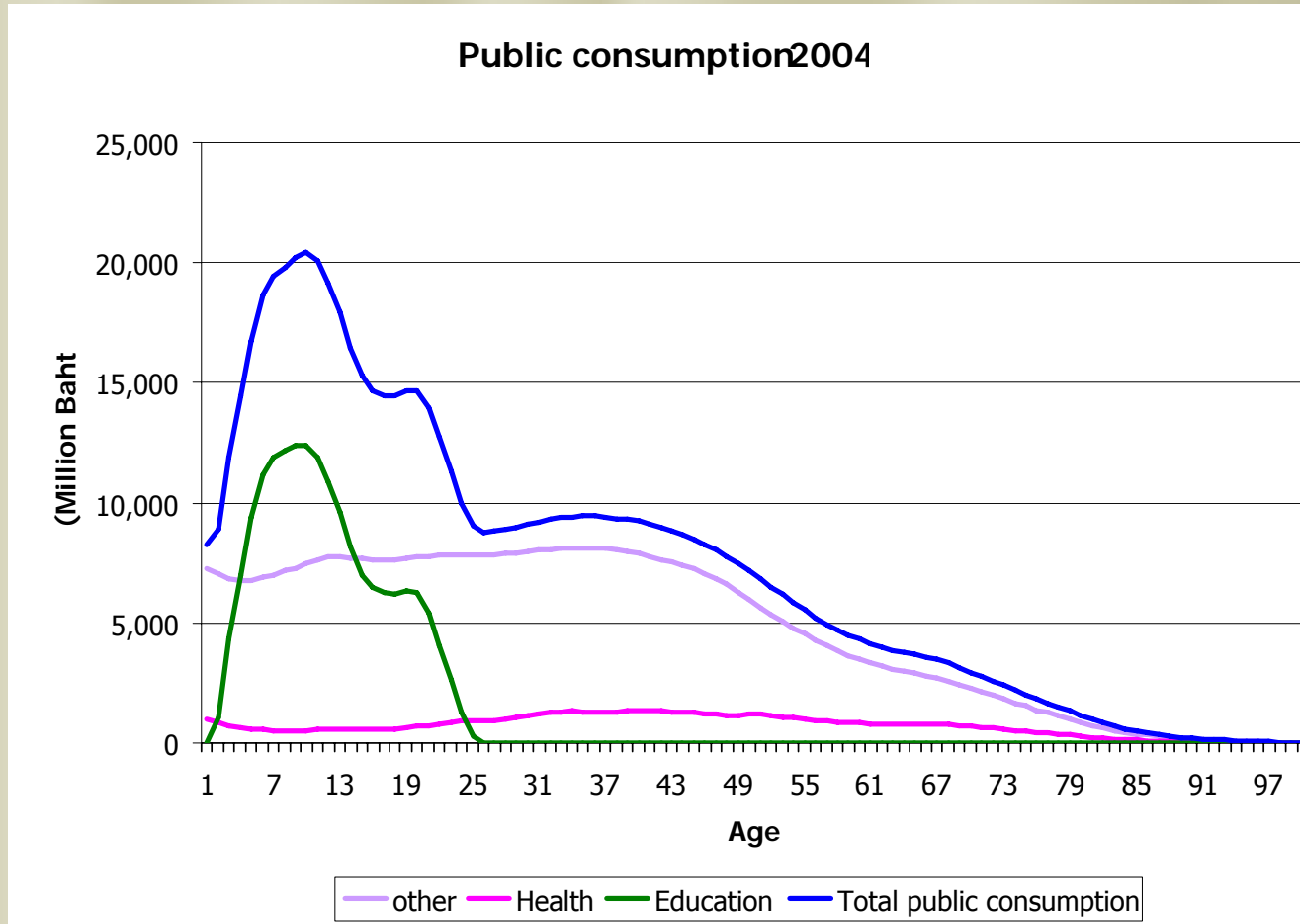
- NI also gives health expenditure which includes both curative, preventive, manpower production, consumer protection, research and development etc. Health expenditure is split into 2 groups, for curative care and others (using table 6.54 in Thailand Health profile in 2001-2004, the proportion is 58 : 42)
- Expenditure on curative care is allocated according to the age profile as used in private health consumption
- Other expenditure is allocated equally per person

Public consumption

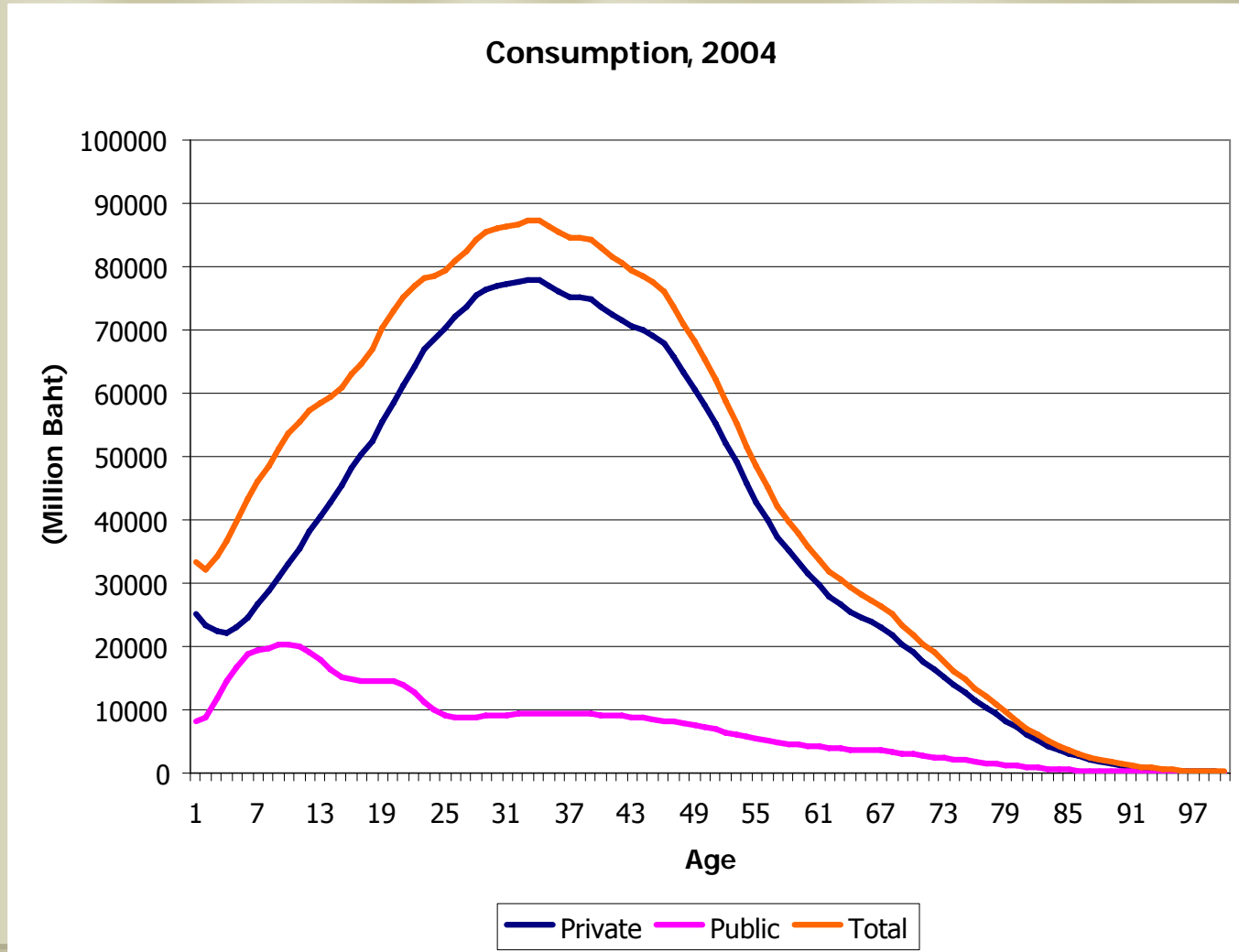
Allocation rules: Other public expenditure

- Other public consumption is allocated equally per person

Public consumption

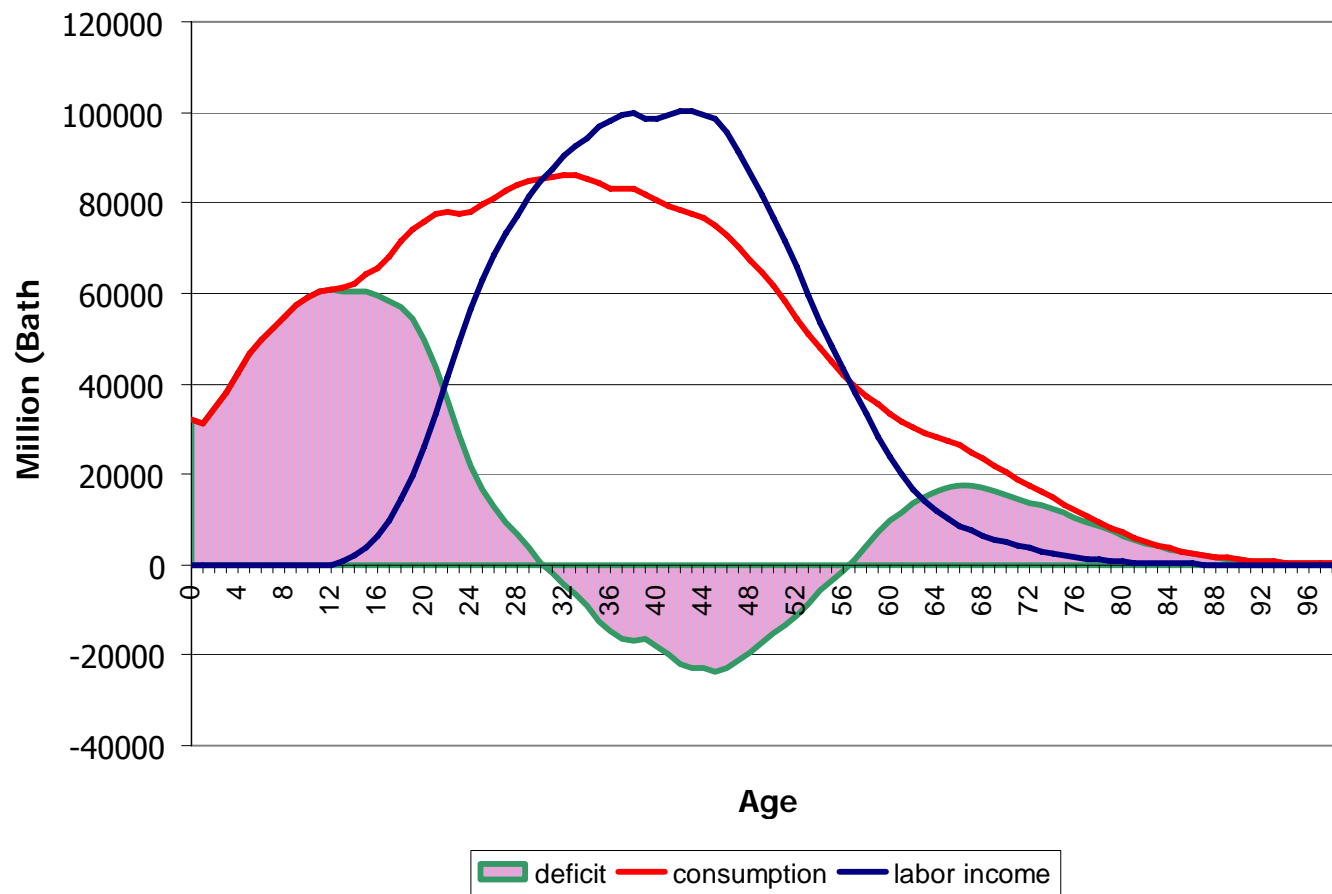


Consumption: private + public



Labor income, consumption and life cycle deficit

Figure 3 - Life Deficit, Thailand (2004)



Life cycle deficit

NTA Flow Account

	Total	0-19	20-29	30-39	40-49	50-59	60+
Total (Private)	3,687,551	726,900	706,331	762,370	669,059	422,259	400,632
Education	38,528	29,752	8,202	546	27	0	0
Health	252,007	19,280	26,800	48,116	48,795	43,045	65,971
Other	3,397,016	677,867	671,328	713,708	620,237	379,214	334,661
Total (Public)	714,459	320,793	101,537	93,584	82,755	54,569	61,222
Education	174,557	160,875	13,682	0	0	0	0
Health	70,856	12,498	9,351	12,962	12,420	9,856	13,769
Other	469,046	147,421	78,503	80,622	70,335	44,713	47,453
Consumption	4,402,010	1,047,693	807,868	855,954	751,814	476,828	461,854
Labor Income	3,191,079	82,536	628,280	955,910	929,750	465,806	128,797
Deficit	1,210,931	965,157	179,588	- 99,956	- 177,936	11,022	333,057

Transfers

Inter-household transfers

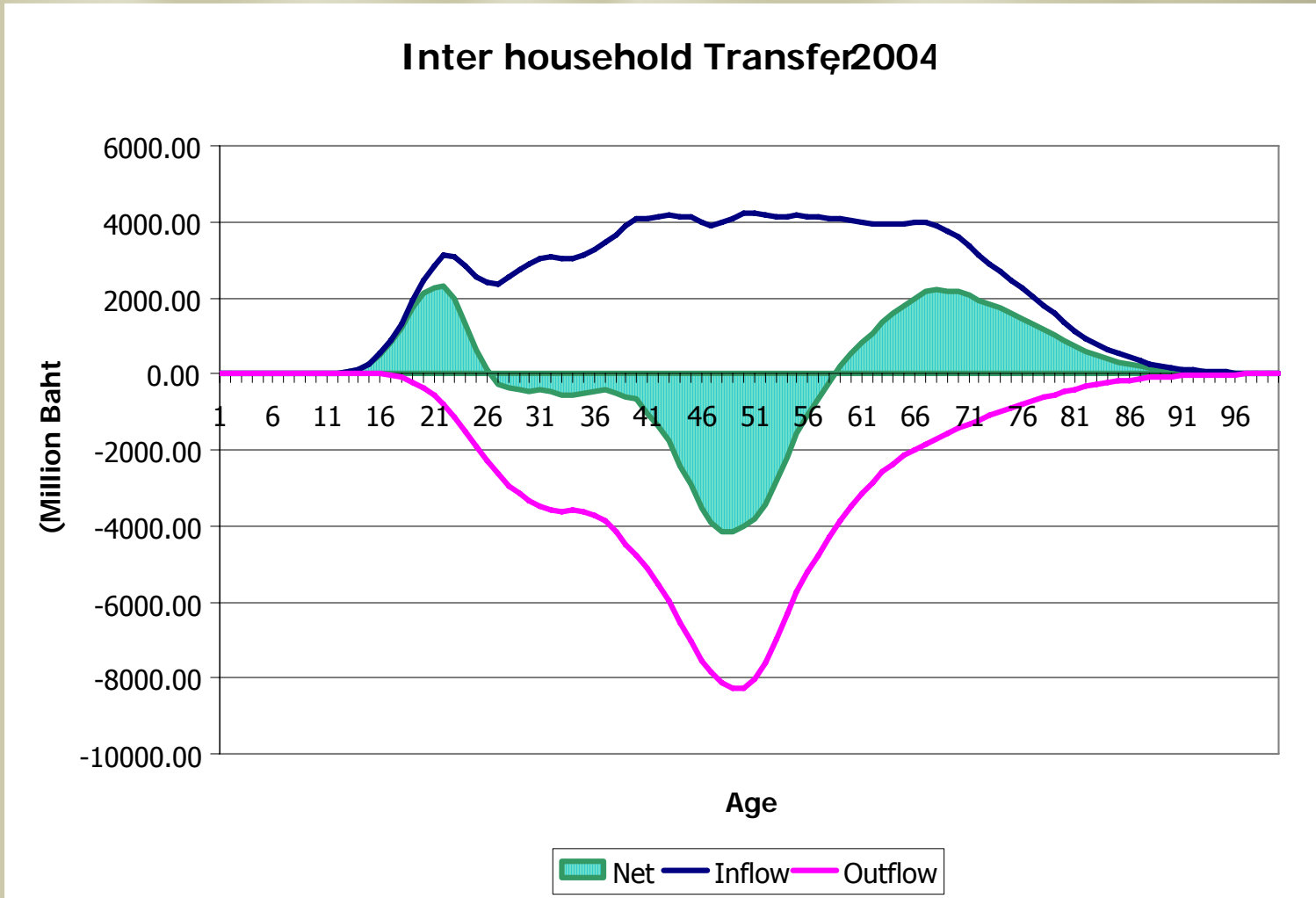
Inter-household transfers (includes cash transfer only)

Outflow: (C03 from SES 3) gifts and contributions to institutions and persons outside the household

Inflow: (From part 6 of SES 2) other income received as assistance from other persons outside the household

Note: Net of the total flows is adjusted to zero

Inter-household Transfers



Inter-household cash transfer

	Total	0-19	20-29	30-39	40-49	50-59	60+
(Net) Transfer		6,791	7,041	-5,186	-29,365	-15,039	35,759
inflow	219,036	7,527	27,377	33,683	40,922	41,280	68,246
outflow	219,036	736	20,336	38,870	70,287	56,319	32,487

Public cash transfers

- Inflows: (72,273 millions from NI account # 5)
 - Pension, lump sum payment and compensation for civil servants, and survival benefits (51,837) is split into 3 categories according (80%, 12% and 8%) and is allocated to pop aged 61+, 20-60 and 0-60 respectively on per capita basis
 - 2,400 millions are allocated to the poor and abandoned elderly according to the age profile of those receiving living allowance
 - The residual is considered as general social welfare and other assistance and is allocated equally to everyone

Public cash transfers

Outflows: (From General Government Acc # 5)

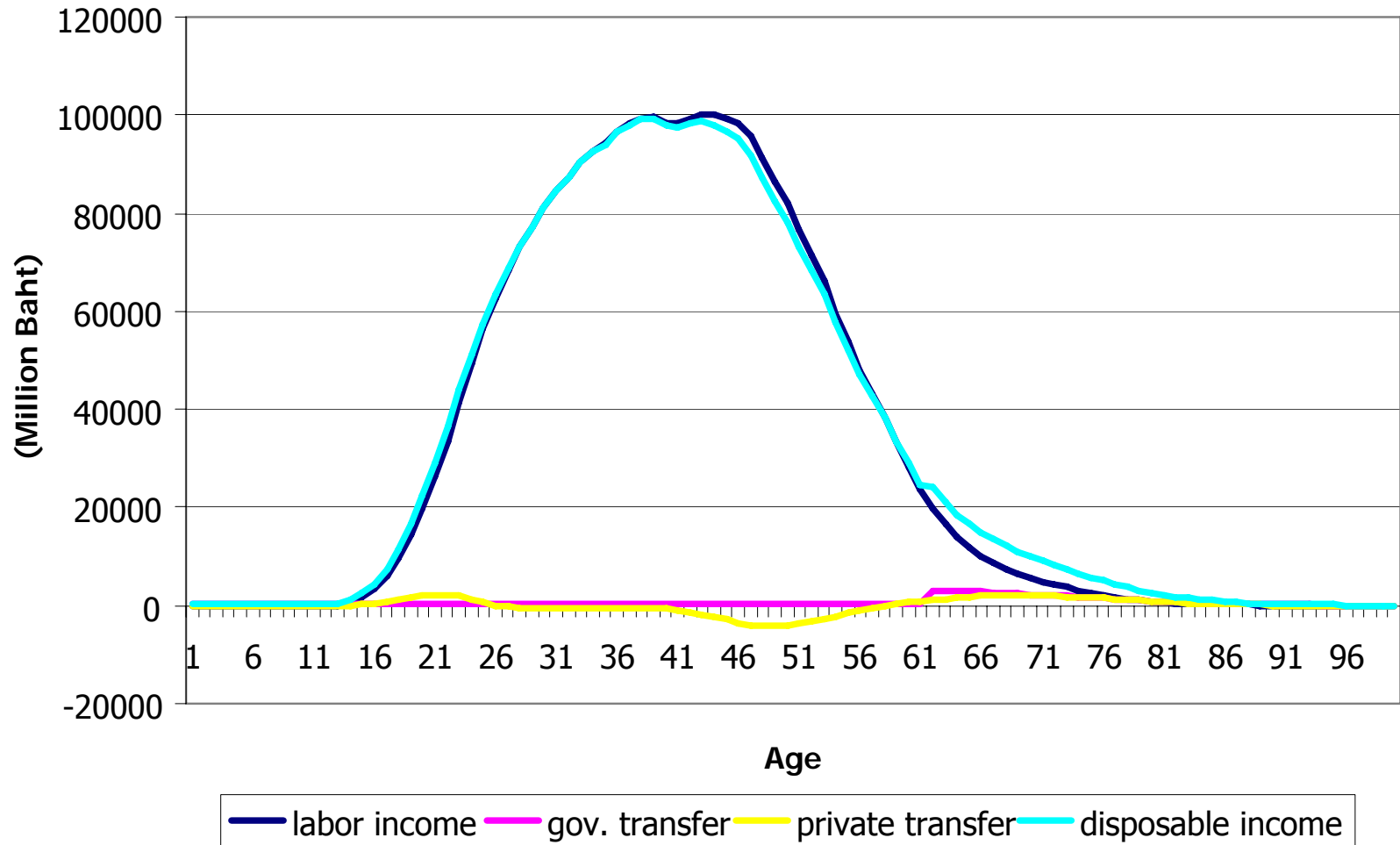
- Current transfers from corporations: allocated according to the age profile of asset income earners
- Current transfers from households: allocated according to the age profile of labor income

Public: Cash Transfers

Million baht

	Total	0-19	20-29	30-39	40-49	50-59	60+
Net Public Transfer	62,894	6,855	4,542	3,259	1,954	1,233	45,052
Inflow	72,273	6,928	5,522	5,671	4,947	3,167	46,038
Civil servants' welfare	51,837	1,259	2,503	2,571	2,243	1,426	41,835
Others	20,436	5,669	3,019	3,100	2,705	1,741	4,203
Outflow	9,379	73	980	2,412	2,994	1,934	986

Disposable Income 2004



Disposable income = labor income + net G transfer + net inter-household transfer

	Total	0-19	20-29	30-39	40-49	50-59	60+
Disposable income	3,253,973	69,915	581,410	940,215	924,145	504,858	233,430
labor income	3,191,079	56,269	569,828	942,142	951,556	518,664	152,619
net gov. transfer	62,894	6,855	4,542	3,259	1,954	1,233	45,052
net family transfer	0	6,791	7,041	-5,186	-29,365	-15,039	35,759

Future Work Plan

- To complete Flow Account with more accurate estimates

Future Work Plan

- To work with some previous years from SES data files, may be SES 2000, 1996, 1992 and 1988, (no data file available before 1986)
- Issues of interest:
 - How does family supporting system in Thailand changes over time? What is the effects of the expanded coverage of formal old age security, or the effects of educational fund etc.
 - The importance of population dividend in Thailand? How long the window of opportunity will last?

The End